



Committed to the future of rural communities.

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## RURAL HOUSING PROGRAMS

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### DIRECT HOME OWNERSHIP LOAN PROGRAM

*USDA Rural Development provides loans in rural areas to finance homes and building sites. Rural areas include open country and communities with a population of 20,000 or less including the communities of Columbus, Norfolk, and the Scottsbluff/Gering/Terrytown area. Each person who applies receives equal consideration without regard to race, color, religion, marital status, age, handicap or national origin.*

#### How May Loan Funds Be Used?

Home ownership loans may be used to buy, build, improve, repair, or rehabilitate rural homes and related facilities and to provide adequate water and waste disposal systems.

Homes may be built on individual tracts or in subdivisions. Funds may also be used to modernize homes - add bathrooms, central heating, modern kitchens and other improvements.

Borrowers may buy an existing house and lot or buy a site on which to build a home. Under limited conditions, funds may be used to refinance debts on a home.

#### Who May Borrow?

Home ownership loans are offered to help very low and low income families or persons. They must:

1. Be without decent, safe and sanitary housing.
2. Be unable to obtain a loan from other sources on terms and conditions they can reasonably be expected to meet. Have sufficient income to pay house payments, insurance premiums and taxes and necessary living expenses. Persons without adequate repayment ability may obtain co-signers for the loan. Repayment ratios of 29% for principal, interest, taxes and insurance (PITI) and 41% for total debt (TD) is applicable for very low income applicants while repayment ratios of 33% PITI and 41% TD are applicable for low income applicants.
3. Possess the legal capacity to incur the loan obligation.

4. Possess the legal ability to carry out the undertakings and obligations required in connection with the loan.

#### What Are The Terms?

Loans may be made for up to 100 percent of the appraised value for existing homes; this also applies to new construction provided construction inspections were made by USDA Rural Development or other parties authorized by USDA Rural Development. The maximum repayment period is 33 years and, under certain conditions, 38 years. The maximum repayment period for manufactured homes is 30 years.

#### Is The Borrower Expected To Refinance The Loan?

USDA Rural Development loans make it possible for eligible households to become owners of adequate homes. When the financial position of the borrower improves, refinancing through a commercial lender is required.

#### Who Determines Applicant Eligibility?

The USDA Rural Development manager determines the eligibility of applicants.

#### What About Maximum Loan Amount?

The maximum mortgage amount is the same for the purchase of an existing home or the construction of a new home. Mortgage limits do occasionally change, but presently are as follows:

Cass County	\$146,000
Douglas County	\$146,000
Sarpy County	\$146,000
Saunders County	\$146,000
Washington County	\$146,000
Lancaster County	\$146,000
Seward County	\$146,000
Madison County	\$136,000
Otoe County	\$136,000
Platte County	\$136,000
Stanton County	\$136,000
All Other Counties	\$127,500

#### Who Furnishes Building Plans?

Applicants or builders are expected to supply detailed building plans, specifications and cost estimates. These may be obtained from any reliable source. USDA Rural Development has a limited number of sources for ordering plans.

#### Are Plans Reviewed And Is Construction Inspected?

Yes. USDA Rural Development reviews the plans and inspects the construction as it progresses.

#### When Can Construction Start?

When a borrower obtains a loan to build or improve a home, the loan must be closed before construction starts or any debts are incurred for material or labor.

#### Where May Houses Be Located?

Houses will be located on desirable sites with an assured supply of safe drinking water and suitable arrangements for sewage disposal. In subdivisions, the houses will be sited in an attractive manner to avoid straight-line monotony and to

accent and preserve the natural advantages of topography, trees and shrubbery. Funds may be included in the loan to finance lawn seeding and landscaping measures that beautify the home and make it an attractive addition to the community.

### **What Security is Required?**

Each loan will be adequately secured to protect the Government's interest. A loan less than \$7,500 that is scheduled for repayment within 10 years from the date of the loan may be secured by a promissory note only. A loan of \$7,500 or greater to be repaid in more than 10 years, will be secured by a deed of trust.

### **Are There Loan Fees And Other Charges?**

The applicant pays for the legal services necessary to guarantee a satisfactory title to the site, for credit reports, and other incidental loan closing costs.

### **Where Does One Apply?**

Applications are made at the USDA Rural Development office serving the area in which the house will be located.

### **Is There Other Housing Credit?**

USDA Rural Development also offers:

1. Loans to build rental or cooperatively owned housing for the elderly and low and moderate-income families.
2. Building site loans to local nonprofit organizations to buy, develop and sell home sites on a nonprofit basis to applicants eligible for home ownership loan assistance.
3. Housing loans to groups of very low and low-income eligible households who work together on the construction of their homes to reduce the cash cost. Public and private nonprofit organizations may obtain technical assistance grants to provide guidance and direction to such groups.
4. Loans to eligible very low income owner occupants to make minor repairs or home improvements.
5. Loans and, in some cases, grants for labor housing for domestic farm workers.

### **What Other Loans Does USDA Rural Development Make?**

The agency makes loans to establish or improve rural water and waste disposal systems; develop rural business and industry; and provide essential community facilities.

### **For More Information**

For more information contact your local USDA Rural Development Office or the USDA Rural Development State Office at:

USDA Rural Development  
Attn: Rural Housing Division  
Federal Building, Room 152  
100 Centennial Mall North  
Lincoln, NE 68508-3888  
Phone: (402) 437-5571 (voice)  
(402) 437-5093 (TDD)

National Office Web site: <http://www.rurdev.usda.gov/rhs>  
Nebraska Rural Development Web site: <http://www.rurdev.usda.gov/ne>  
Nebraska State Office Telephone Number: (402) 437-5551  
Nebraska State Office Facsimile Number: (402) 437-5408  
Nebraska State Office TDD Number: (402) 437-5093

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